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Shannon Bouyer Hudson
Counsel for ORS

December 27, 2017

VIA ELECTRONIC MAIL

K. Chad Burgess, Esquire
South Carolina Electric & Gas Company
220 Operation Way-MC C222
Cayce, South Carolina 20033-3701

Re: SCE&G Activities and Events Related to the Intention to Abandon V.C. Summer Units 2 and 3 in Jenkinsville, SC – ORS First Continuing Audit Information Request for Records and Information Pursuant to Commission Order Nos. 2017-769 and 2017-770

Dear Mr. Burgess:

Please find enclosed and served on you South Carolina Office of Regulatory Staff's ("ORS") First Continuing Audit Information Request for Records and Information Pursuant to Commission Order Nos. 2017-769 and 2017-770. Please note that pursuant to S.C. Code 58-4-55(A), ORS requests that the responses be provided under oath.

Sincerely,

Shannon B. Hudson

Shannon B. Hudson

Enclosure

cc: Matthew W. Gissendanner, Esquire (via e-mail)
Byron Hinson (via e-mail)
Jocelyn G. Boyd, Esquire (via U.S. mail)
Joseph Melchers, Esquire (via U.S. mail)
All Parties of Record in Docket No. 2017-305-E (via e-mail)
All Parties of Record in Docket No. 2017-207-E (via e-mail)

RECEIVED
2017 DEC 29 AM 11:40
OFFICE OF REGULATORY STAFF
STATE OF SOUTH CAROLINA

IN RE: South Carolina Electric & Gas Company) Office of Regulatory Staff's First
 Activities and Events Related to the Intention) Continuing Audit Information
 to Abandon V.C. Summer for Units 2 & 3) Request for Records and
 Site in Jenkinsville, SC) Information Pursuant to
) Commission Order Nos.
) 2017-769 and 2017-770

**TO: K. CHAD BURGESS, ESQ., MATTHEW W. GISSENDANNER, ESQ., AND
 BYRON HINSON REPRESENTATIVES FOR SOUTH CAROLINA ELECTRIC
 & GAS COMPANY:**

I. INSTRUCTIONS

The South Carolina Office of Regulatory Staff ("ORS") hereby requests, pursuant to S.C. Code Ann. §§ 58-4-50(A)(2), 58-4-55(A), 58-27-160, and 58-27-1570 that South Carolina Electric & Gas Company ("SCE&G" or "Company") provide responses in writing and under oath and serve the undersigned on or before **January 5, 2018** to the attention of Shannon Bowyer Hudson of ORS at 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. If you are unable to respond to any of the requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these audit requests, "identify" means, when asked to identify a person, to provide the full name, business title, address and telephone number. As used in these audit requests, "address" means mailing address and business address. When asked to identify or provide a document, "identify" and "provide" mean to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, a copy of the document may be attached with the identity of the person who has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of

any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings.

Wherever in this audit request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS THEREFORE REQUIRED:

- Pursuant to S.C. Code Ann. § 58-4-55(A) that responses be submitted under oath.
- All information shall be provided to ORS in the format requested.
- All responses to the requests below must be labeled using the same numbers as the requests.
- Unless otherwise agreed, the requested information shall be bound in 3-ring binders with numbered tabs between each question. The question should be reproduced at the beginning of each tab for the responses included. All exhibits shall be reduced or expanded to 8 ½" x 11" formats, where practical.
- If information requested is found in other places or other exhibits, reference shall not be made to those; instead, reproduce and place a copy of the requested information in the appropriate numerical sequence.
- Any inquiries or communications requesting clarification of the information requested should be directed to Jeffrey M. Nelson, Esquire [803.737.0823], Shannon Bowyer Hudson, Esquire [803.737.0889], Jay Jashinsky [803.737.1984], or Dawn Hipp [803.737.0814] of ORS.
- This entire list of questions shall be reproduced and included in front of each set of responses.
- Unless otherwise set forth below, SCE&G shall provide five (5) paper copies/binders of responses to ORS. In addition, and if technically feasible, it is requested that SCE&G provide one (1) electronic version with working spreadsheets (not in Adobe) each to ORS.

- If the response to any request is that the information requested is not currently available, please state when the information requested will be provided to ORS. This statement is not a waiver of the deadline for all other responses.
- For each response provide the SCE&G witness(es), employee(s), contractor(s) or agent(s) responsible for the information contained in each response.
- A signature and verification be provided at the close of SCE&G's responses.
- This request shall be deemed to be continuing so as to require SCE&G to supplement or amend its responses as any additional information becomes available.
- If the information requested is kept, maintained, or stored using spreadsheets, please provide fully functional electronic versions of the spreadsheets, including the formulas used and embedded in the spreadsheet.
- Provide all responses to reflect SCE&G's 55% participation where possible. Where this request is not possible, please clearly identify whether the responses reflect 100% or 55% dollars.

II. REQUESTS

- 1-1. Please provide all work papers, analyses, documentation, etc. prepared to support the SCE&G assertion that reducing rates by approximately \$445 million per year may cause a cascading financial effect that could force SCE&G into bankruptcy. For information available in Excel, please provide the information in working Excel spreadsheets with all formulas intact.
- 1-2. Please provide all work papers, reports and analyses used to prepare the Affidavits presented by SCE&G in Docket No. 2017-305-E, specifically for the assertion of an approximately 3.40% return on equity ("ROE").
- 1-3. Please provide all back up calculations for the Company's Quarterly Financial Report for the twelve (12) months ending September 30, 2017 filed in Docket No. 2006-286-E/G. Please provide these responses in working Excel spreadsheets with all formulas intact.
- 1-4. Please provide analyses showing the impact to SCE&G's finances and ROE, in the same format used for the reports filed in Docket No. 2006-286-E/G, if the Company had not received revenue increase approvals in:
 - a) All prior revised rates dockets,
 - b) Docket Nos. 2013-150-E, 2014-187-E, 2015-160-E, and 2016-224-E, and
 - c) Docket Nos. 2015-160-E and 2016-224-E.
- 1-5. Please provide an analysis showing the impact to SCE&G's finances and ROE, in the same format used for the reports filed in Docket No. 2006-286-E/G, if all revenues,

expenses, and construction work in progress associated with nuclear construction are removed for the following periods:

- a) 2008 through 2016,
 - b) 2008 through 2017,
 - c) 2013 through 2016, and
 - d) 2015 and 2016.
- 1-6. Please explain the status of the federal and state tax write-offs for the nuclear construction.
 - 1-7. What nuclear construction tax write-offs are applicable for tax year 2017? Please show the impact of the write-offs on federal and state taxes. Please also provide the impact in working Excel spreadsheets with all formulas intact.
 - 1-8. How does SCE&G determine an asset to be non-earning for tax purposes?
 - 1-9. Is the approximately \$4.8 billion write off discussed in the November 9, 2017 allowable ex parte briefing before the Public Service Commission of South Carolina ("Commission") the same as the write-off discussed in the SCE&G Affidavits filed in Docket No. 2017-305-E?
 - 1-10. Please provide the plans and timelines for the approximately \$4.8 billion in nuclear construction to be written off as a non-earning asset.
 - 1-11. Does a multi-billion dollar write off by SCE&G require Commission approval?
 - 1-12. What tax year(s) does SCE&G expect the approximately \$4.8 billion write-off to impact?
 - 1-13. Please provide a 2017 balance sheet showing the impact to SCE&G of a \$4.8 billion non-earning asset write off.
 - 1-14. Please provide a detailed analysis of how the Tax Cuts and Jobs Act will impact the cost to provide service to SCE&G customers. Please include estimated taxes (1) with and without the tax reform effects and (2) with and without the tax reform effects presuming the tax write-off for nuclear construction has been taken.
 - 1-15. Please provide the total debt service expense for the twelve (12) months ending September 30, 2017 corresponding to (a) SCANA, (b) SCE&G and (c) SCE&G nuclear construction. Update for the twelve months ending December 31, 2017 when available.
 - 1-16. Please provide the expiration dates of outstanding long-term debt with its percentage to overall long-term debt.
 - 1-17. Please provide SCE&G's capital structure as of September 30, 2017 and December 31, 2017.

- 1-18. Please provide SCE&G electric retail ratepayer revenues received for the twelve (12) months ending September 30, 2017 and December 31, 2017 itemized for:
- a) Base rates,
 - i) Basic Facilities Charge
 - ii) Energy (kWh) Charges
 - iii) Demand (kW) Charges
 - iv) Other
 - b) Revised rates,
 - i) Basic Facilities Charge
 - ii) Energy (kWh) Charges
 - iii) Demand (kW) Charges
 - iv) Other
 - c) Fuel,
 - d) Distributed Energy Resource Programs ("DERP"),
 - e) Energy efficiency and demand side management mechanism,
 - f) Taxes,
 - g) Pension, and
 - h) Other (please list the components within this category).
- 1-19. Please provide SCE&G electric retail expenses for the twelve (12) months ending September 30, 2017 and December 31, 2017 itemized for:
- a) Non-nuclear construction operations and maintenance,
 - b) Nuclear construction,
 - c) Fuel,
 - d) DERP,
 - e) Energy efficiency and demand side management mechanism,
 - f) Taxes,
 - g) Debt payments,
 - h) Bonuses,
 - i) Pension, and
 - j) Other (please list the components within this category).
- 1-20. Please provide an explanation as to why SCE&G decided to monetize the Toshiba nuclear settlement payments. Identify the SCE&G and/or SCANA employees that made the recommendation to monetize the nuclear settlement. Provide the SCANA Board minutes which approved the decision to monetize the Toshiba nuclear settlement payments.
- 1-21. Please provide the interest rate that is being earned by settlement payments made by Toshiba and Citibank. Identify the account the settlement payments are booked to and a detailed description of the amounts of payments received.
- 1-22. Please provide a detailed explanation of how SCE&G proposes to use the Toshiba and Citibank payments to the benefit of its customers.

- 1-23. Provide the names of employees and consultants involved in 2015, 2016, and 2017 Securities and Exchange Commission filings.
- 1-24. Provide all Nuclear Regulatory Commission filings related to the combined operating license for V.C. Summer Units 2 and 3 since the intention to abandon was announced.



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Columbia, South Carolina
December 27, 2017